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Item 5 of the provisional agenda*

FOR ACTION

GUIDELINES FOR AN EFFECTIVE PARTNERSHIP BETWEEN THE EXECUTIVE BOARD AND THE SECRETARIAT OF UNICEF

SUMMARY

Since March 1996, a small "Group of Volunteers" comprised of representatives of Board member countries and observer delegations has had ongoing consultations on the relationship between the Executive Board and the UNICEF secretariat. Other members and observers of the Board as well as the secretariat have been invited to comment on draft guidelines during the process of their elaboration.

The final version of the proposed guidelines were shared with the Board at its 1997 annual session in May, at which time it was also decided that they would be formally submitted to the Board for consideration at the third regular session in September 1997.

* E/ICEF/1997/20.

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New York, May 25, 1997

Madam Mercedes Pulido de Briceno
President of the Executive Board
UNICEF
UNICEF-House
New York

Guidelines for an effective Partnership between the Executive Board and the Secretariat of UNICEF

Madam President,

The work on above mentioned Guidelines - started informally by our "Group of Volunteers" and done over the fourteen months since March 1996 in close consultation with the Secretariat as well as with other members and observers of the Executive Board - has reached the stage where it can be introduced to the Executive Board for formal consideration. We therefore are pleased to submit herewith this proposal to you on behalf of the Executive Board.

In view of the follow-up on this proposal by the Executive Board, we suggest that:
> it be circulated in the existing format among participants to the Annual Session in order to allow everybody to take notice of it;
> the Executive Board - e.g. under "other matters" at the Annual Session - takes it over as a formal proposal into its work programme and decides to deal with it substantially at its third regular session in September 1997 (cf. in the annex the draft decision to this purpose);
> the Executive Board at its third regular session in September 1997 discusses and adopts the Guidelines for implementation:
> the Executive Board and the Secretariat agree to a Memorandum of Understanding setting the Guidelines into force (cf. in annex an outline of such a Memorandum).

We believe that these Guidelines - modest as they may be and in any case only one of many possible measures - are likely to improve further the relationship and collaboration between the Executive Board and the Secretariat. These have obviously been the intentions of our Group from the start of our work!

Sincerely yours,

The members of the "Group of Volunteers":

- John AGGREY, Permanent Mission of Ghana to the UN
- Dino BETI, Permanent Observer Mission of Switzerland to the UN
- Petru Dumitriu, Permanent Mission of Romania to the UN
- Carl Christian HASSELBALCH, Permanent Mission of Denmark to the UN
- Eduardo Paes SABOIA, Permanent Mission of Brazil to the UN

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ANNEX

Towards an effective Partnership between the Executive Board and the Secretariat of UNICEF

Introduction

The Executive Board and the Secretariat of UNICEF are partners in the same institution. In this partnership, each has its specific and characteristic role to play, thus ensuring its respective accountability to the same constituencies of UNICEF, i.e., the recipient and the donor communities. To achieve this in a harmonious and constructive manner it is vital to avoid any confusion, tension and differences over the respective accountability and responsibilities of the Executive Board and of the Secretariat.

According to the Booz•AllenHamilton management study, the Executive Board should always strive to play its true "Policy-Strategy-Oversight (PSO)" role, i.e., above all to govern but not to manage UNICEF's activities. At the same time, the Secretariat, while keeping the Executive Board carefully infomed on important developments within its sphere of activities, should be permitted to carry out its approved mandate and mission without undue interference by the Executive Board.

In this endeavour considerable efforts habe been expended by both partners during the last few years. While remarkable progress has been achieved in the delineation of accountability, roles and responsibilities as well as general relations between the Executive Board and the Secretariat, there remains room for further improvement. The purpose of the following guidelines is, therefore, to consolidate the achievements and to carry on improving this crucial relationship.

Guidelines

The legislative basis for the foregoing is laid forth in GA resolution 48/162 (paras 21 and 22). However, to achieve the optimal working partnership between the Executive Board and the Secretariat, further clarification of their respective competences and responsibilities is necessary.

For the Executive Board to be able to exercise its governance mandate efficiently, it is vital to know precisely which issues fall within its competence and how it should fulfill its true PSO role. Accordingly, only those issues which require Executive Board involvement are taken into consideration for this clarification. It ensues logically that all other responsibilities and activities fall within the competence of the Secretariat.

The issues enumerated below are actually existing tasks of the institution for which the Executive Board and the Secretariat share responsibility. At the same time, they can also be considered as illustrative examples of possible tasks to be taken up by the two partners. The list is by no means all-inclusive since other issues may face the two partners in the exercise of their responsibilities. In such cases the respective role and competence of the Executive Board and of the Secretariat would have to be cleared on a case-by-case basis. By the same token, the Executive Board can, on its own initiative or on the suggestion by the Secretariat, /...

decide to take up « for consultation », resp. « for decision » an issue that is, as a rule, established « for information », resp.« for consultation » only.

These guidelines shall be a tool in the hands of the Secretary of the Executive Board who is the guardian of their implementation and accountable to the Executive Board in ensuring its faithful follow-up.

1. Issues for Executive Board decision:

1.1. Procedure:

For the following issues the final decision lies with the Executive Board. It makes these decisions taking into account the concerns and points of view of the Secretariat.

Normally, the decisions are made by the Executive Board based upon a document prepared by the Secretariat according to the Rules of procedure. Such documents are marked "FOR DECISION". The Secretary of the Board is responsible for ensuring that such documents contain a draft recommendation for Executive Board decision.

In exceptional cases, the decision-making modalities are established especially for the issue at stake by the Bureau in consultation with the Secretariat.

For some of the following issues, a specific procedure is already set up as a rule in order to facilitate the work of the Executive Board and the Secretariat.

1.2. Issues for decision: specific procedure

Policies and Strategies:

- Mission Statement (as well as revisions and changes)
- Follow-up on the Convention on the Rights of the Child
- Sectoral strategies (e.g. health; education; water), cross-sectoral (e.g. emergencies; women and girls) and other strategies
- Regional and sub-regional strategies and programme approaches
- Emerging initiatives (e.g. new world conferences; System-wide initiatives; UNAIDS)
- Principles for collaboration with civil society (e.g. business firms)
- Criteria for awards (e.g. Maurice Pate)

Operations:

- Programmes (country, regional, global, sectoral, etc.)
- General terms of reference for Board member field visits
- Annual report to ECOSOC
- Reports of Joint Committees (WHO/UNICEF/UNFPA; UNESCO/UNICEF)
- Recipient of awards (e.g. Maurice Pate)

Organization:

- Rules of procedure and working methods of the Executive Board
- Inter-sessional meetings >> > decision by Bureau
- Location of headquarters (New York and elsewhere)
- Criteria for election to Joint Committees
- Choice of countries for and programme of field visits >> > decision by Bureau

Structure:

- Location of the Office of the Secretary of the Executive Board within the overall headquarters organigram (e.g. attached to the Office of the Executive Director or to a Deputy Executive Director)
- Establishment of basic field structures such as regional offices
- Framework of collaboration with National Committees

Budget and Funding:

- System for the allocation of general resources
- Approval of the basic budget
- Structure of the administrative and programme support budget
- Establishment of special adjustment facilities (e.g. SAFLAC; Emergency Programme Fund)
- Medium-term financial plan
- GCO budget
- Recovery policy

2. Issues upon which the Executive Board is consulted:

2.1. Procedure:

For the following issues the decision-making responsibility rests with the Secretariat. The Executive Board must be consulted appropriately in order to give the Secretariat valuable guidance in its decision before making it. Timely consultation is therefore of paramount importance.

Normally, the Executive Board is consulted in a formal setting on the basis of a document prepared by the Secretariat according to the Rules of procedure and marked "FOR CONSULTATION". Since the responsibility for any decision-making rests with the Secretariat, the Executive Board gives guidance through oral comments made during the session and reflected in the report thereon without taking any formal decision on the issue.

In exceptional cases, the modalities for consultation are established especially for the issue at stake by the Bureau in consultation with the Secretariat.

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For some of the following issues, a specific procedure is already set up as a rule in order to facilitate the work of the Executive Board and the Secretariat.

2.2. Issues for consultation: specific procedure

Policies and Strategies:

- Follow-up of world conferences
- Follow-up on evaluations (lessons learned)

Operations:

- Medium-term plan
- Annual Report of the Executive Director
- GCO work plan

Structure:

- Major changes in organigram (e.g. merging or splitting of offices like two instead of three departments)
- Establishment of new offices (e.g. Inspection Unit)

Staffing

- Candidate for Executive Director >> >UN Secretary-General in consultation with the President of the Executive Board
- Post profile for Deputy Executive Directors >> >through the Bureau
- Post profile for Secretary of the Executive Board >> >through the Bureau

Budget and Funding:

- Funding Policy
- Resource mobilization policy
- Guidelines for pprivate sector fund raising

3. Issues of which the Executive Board is informed:

3.1. Procedure:

For all of these issues, the responsibility for decision-making rests with the Secretariat. It has, however, to provide the Executive Board with sufficient transparency on its ongoing business by keeping it well informed about its activities, in particular those

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listed below; in this context, it is important to stress that the Executive Board should not involve itself in micro-management.

As a rule the Executive Board receives the information either through written communication intended by the Secretariat for more general use within the institution (e.g. information circulars on appointments) so as to avoid proliferation of documentation, or orally during sessions or inter-sessional meetings. If a document on such an issue is addressed specifically to the Executive Board, it is marked "FOR INFORMATION" and issued accordingly to the Rules of procedure.

Subjects "FOR INFORMATION" do not need to be taken up in a formal setting by the Executive Board. However, the Executive Board or the Secretariat may suggest that this be done in cases when the Executive Board's reaction on a given issue is likely to be of interest to the Secretariat.

Wherever appropriate, special informal consultations can be organized for the purpose by the Secretariat in consultation with the Bureau.

For some of the following issues, a specific procedure is already established in order to improve the interaction between Executive Board and Secretariat or to facilitate the work of both.

3.2. Issues for information: specific procedure

Operations:

- Implementation of policies and strategies (sectoral, cross-sectoral and other plans of operation)
- Other reports than those under 1.2. and 2.2. above

Organization:

- Reallocation of professional posts at headquarters and in the field
- Implementation of managerial and organizational policies (e.g. evaluation; supply and procurement; human resources; etc.)
- Modalities of collaboration with civil society (e.g. business firms)
- Location of regional offices >> >information ex ante for the members of the respective region
- Creation of global, regional and local management teams
- Training programmes for human resources

Structure:

- Establishment of field offices
- Upgrading or downsizing of offices
- Introduction of new systems (e.g. PROMS; information technology)

Staffing:

- Recruitment process for Deputy Executive Directors >> >through the Bureau
- Appointment of Deputy Executive Directors
- Recruitment process for Secretary of the Executive Board >> >through the Bureau

- Appointment of Secretary of the Executive Board >> >special communication to the Executive Board by the Executive Director

- Post profile, recruitment process and appointment of Heads of Divisions >> >through the Bureau
- Post profile and appointment of Regional Directors >> >information ex ante for the members of the respective region

- Appointment of Area and Country Representatives
- Implementation of recruitment strategy (e.g. equitable geographical representation; gender balance)

Budget and Funding:

- Current implementation of budget
- Financial reports (e.g. audits)
- Progress of harmonization and transparency of budgets

Partnership between the Executive Board and the Secretariat of UNICEF

(The enabling document for the guidelines can take the format either of a decision of the Executive Board or of a Memorandum of understanding between the Executive Board and the Secretariat.)

Outline of elements for this enabling document:

1. Recall GA resolutions 57 (I) of 11 December 1946 and 417 (V) of 1 December 1950 establishing the basic principles for the administration and management of UNICEF by the Executive Board and the Secretariat;

2. Reaffirm GA resolutions 48/162 of 20 December 1993, and 50/227 of 24 May 1996 on further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields, particularly paragraphs 21 to 30 of the annex to resolution 48/162 and paragraphs 76 to 78 of the annex to resolution 50/227 on governing bodies of the United Nations development programmes;

3. Reaffirm, in this context, the commitment of the Executive Board to assume fully its governance role in the fields of policy, strategy and oversight, and reiterate its determination to support the Secretariat in carrying out its approved mandate and mission;

4. Stress the importance of a clear delineation of the respective competences and responsibilities of the Executive Board and of the Secretariat and therefore of a transparent division of work between the two;

5. Set into force the guidelines contained in the annex to the present decision concerning the clarification of the roles, competences and responsibilities of the Executive Board and the Secretariat, and emphazise the need to act upon these in a consistent manner;

6. Decide that the Secretary of the Board is the guardian of the implementation of this decision and is accountable to the Executive Board in ensuring its follow-up.

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FOR ACTION

SUPPLY OPERATIONS

SUMMARY

The present report provides a more forward-looking and analytical approach to supply operations in UNICEF than previous reports, the last of which reviewed supply operations in 1994 and was submitted to the Executive Board at its third regular session of 1995 (E/ICEF/1995/AB/L.16).

Following a brief introduction, chapter I details the supply function in the context of children's rights in the twenty-first century. Chapter II describes supply/logistics in the context of the UNICEF country programme, while chapter III reports on the development of Copenhagen as a Global Action Centre for Children's Supplies. The immediate aims of Supply Division in terms of organizational changes and priority action within UNICEF are contained in chapter IV. Chapter V describes the link between UNICEF procurement and supply distribution and the United Nations reform process. Immediate challenges to Supply Division are reported on in chapter VI.

* E/ICEF/1997/20.

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INTRODUCTION

1. The last report reviewed supply operations in 1994 (E/ICEF/1995/AB/L.16) and was submitted to the Executive Board at its third regular session of 1995. The supply function was also included in the report on "Implementation of management excellence in UNICEF" (E/ICEF/1997/CRP.9), which was submitted to the Executive Board at its second regular session in March 1997. In that report, the supply function was used to describe an accountability system for UNICEF. Based on recommendations from the Booz•Allen & Hamilton study and other external studies of the UNICEF supply function, the report indicated that a number of key changes would be made to improve the strategic orientation, effectiveness and accountability of the UNICEF supply function.

2. Thus, within the framework of management excellence, the present report describes the major strategic thrusts of the supply function for the future, in particular the role of Supply Division.

I. SUPPLY IN THE CONTEXT OF CHILDREN'S RIGHTS IN THE TWENTY-FIRST CENTURY

3. Children's rights cannot be achieved without the availability of, access to and use of affordable essential supplies necessary to meet basic needs. Vaccines, essential drugs, medical items, vitamin supplements, basic foods, textbooks, school materials, clean water, sanitation facilities, impregnated bednets, fuel, clothing, shelter materials and prosthetics are some of the supplies whose availability and use govern the ability of families to ensure that children survive, develop and are protected in all types of situations. Here, the needs of both younger children and adolescents have to be considered, as stipulated in the Convention on the Rights of the Child.

4. UNICEF has to be concerned that children's rights are not denied because of lack of essential supplies. Each office responsible for programme execution in countries is accountable for understanding (a) the performance of public and private systems that deliver essential supplies for children; and (b) the ability of families to obtain these supplies, either directly in the market or through basic services (health, schooling, water, etc.) provided by Governments, the private sector, non-government organizations (NGOs) or others. The increasing globalization of the manufacture of essential supplies means that product specification, quality and availability issues cross borders, requiring UNICEF to maintain an updated, accessible analysis of global supply trends.

5. The supply needs of children and the logistics of making these available have to be, above all, considered strategically in country programmes, with UNICEF involvement in the supply function focusing on critical areas where national systems are deficient. The organization as a whole is accountable to children, families, Governments and donors for adhering to standards of high quality and value-for-money in its own investment in purchasing supplies and services. A critical watch has to be made of those most disadvantaged who are the primary focus of the UNICEF Mission, especially as these populations often have very difficult access to affordable essential supplies for their children. Recent surveys carried out as part of UNICEF-supported operations research into the Bamako Initiative have shown that up to 19 per cent of household income can

be spent on drug purchases due to inadequate public sector involvement in implementing or regulating supply systems. In a separate study, it has been shown that families spend the equivalent of $78 per malaria season on preventive measures and treatment. Thus, the quest for essential supplies is not only a significant part of family life, it is also, if national and local supply systems function poorly, a significant drain on the meagre resources of poor families.

6. The overall priority of UNICEF as a development partner in the supply function is to enhance national capacities in meeting children's essential supply needs. UNICEF strategies will depend on the particular situation of each country.

7. Country strategies will be enhanced by regional strategies that address common country needs and by global strategies that provide a supportive environment to the supply function through the following: readily accessible information on supplies and suppliers; world-wide contracts for products and services; the development of standards; a capacity for emergency supply response; the development of improved and new technologies from which children can benefit; and continuing procurement support to selected countries and for selected products.

8. Continuous monitoring of the supply function will provide the organization with lessons, as well as identify areas in need of improvement. UNICEF will have to ensure that it has the appropriate capacity to be a world leader in supply systems as well as in technological innovation for children.

II. SUPPLY/LOGISTICS AS AN INTEGRAL PART OF THE COUNTRY PROGRAMME

9. Much of the credibility of UNICEF has resided in its ability to situate supplies that have been critical to programme success, such as vaccines and cold chains for the expanded programme on immunization. This has been closely linked to supporting Governments in the provision of basic services to its populations. UNICEF will work with Governments to assess whether families/households have the appropriate essential supplies needed for their children, either directly or through basic services, and advocate strongly for appropriate action. The actual provision of supplies will be geared increasingly to improving capacity in the public or private sectors to close some of the gaps in meeting supply needs, focusing on the essential supplies and services that families need for their children. Thus, the future credibility of UNICEF in the supply function will be in terms of effective assessment and analysis, advocacy for national action and the closing of specific gaps in needs and access.

10. To accomplish this, the supply function will be integrated into all steps of the country programme process (i.e., situation analysis, position paper, country note, master plan of operations, country programme management plan, annual review, annual report, mid-term review, evaluation). The precise determination of the specific supply and logistics analysis, strategies and action in each step of the process will have to be established and continuously updated. The increasing role of the private sector not only in meeting children's supply needs, but also in providing logistics systems is recognized and needs to be integrated into the planning process. UNICEF will have to

develop partnerships, both public and private, as well as national, regional and international, within the supply and logistics strategies it sets in its support to country programmes.

11. Given the UNICEF Mission focus on those children and women who are most disadvantaged and on those countries that are least developed, the direct provision of supplies by UNICEF is expected to remain a significant part of the expenditure of many country programmes. Increasingly, this provision will come under the direct accountability of country representatives, within the decentralization and delegation of authority being put in place, once adequate capacity exists in the supply function in country locations. The timely and economical delivery of supplies, which is crucial to programme implementation, will require strengthening national capacity for proper planning, execution and assessment, including close attention to specification, quantification, ordering, procurement, shipping, port clearance, warehousing, in-country distribution and end-use monitoring and evaluation.

III. SUPPLY DIVISION AS A GLOBAL ACTION CENTRE FOR CHILDREN'S SUPPLIES

12. Given the changing mix of public and private sector influences in the global supply of goods and services, the Supply Division is repositioning the supply function to tackle the special needs of children now as well as for the future.

13. It will focus on a specific range of commodities most relevant to children and become a recognized location of intelligence serving both internal partners as well as collaborating partners inside and outside the United Nations system using intranet and internet capabilities. As a result, UNICEF will become a recognized leader with regard to the following 10 principal sets of commodities:

(a) Vaccines and safe injection: the introduction of both improved existing vaccines and new products, including the Vaccine Vial Monitor, as outlined in the recent joint publication with the World Health Organization (WHO) on the State of the World's Vaccines and Immunization; and the increased use of auto-destruct syringes and single-shot injection devices, fundamental for safe injection and prevention of the transmission of blood-borne diseases such as HIV/AIDS and hepatitis;

(b) Essential drugs: with attention, in close collaboration with the WHO Drug Action Programme, especially to those drugs on the Essential Drugs List most used by children, stimulating the demand for and supply of affordable paediatric drugs, including antibiotics, antimalarials, oral rehydration salts, anti-helminths, as well as supporting national drug policy development and drug registration processes;

(c) Micronutrients: with considerable work in increasing the availability and improvement of vitamin A, iron and zinc products in the context of the logistics challenges facing vitamin supplementation, given the need for the continuous availability and use by children; also the continuing improvement of iodization equipment and potassium iodate supply in support of universal salt iodization and the private sector worldwide on which this is dependent;

(d) Therapeutic food: ensuring a wide network of available suppliers able to deliver these specialized foodstuffs, supporting, in close collaboration with the World Food Programme, one of the recognized roles of UNICEF in emergency situations or areas where direct food supplementation is supported;

(e) Medical and health supplies: those used in the routine and emergency care of children in health services, but also stimulating the global availability of simple delivery kits for safe delivery as one measure for supporting the reduction of maternal mortality;

(f) Water equipment: particularly simple water supply technologies to continue the increasing access of the poor to safe drinking water - hand-pumps and portable drilling equipment, together with piping, tanks and water purification technologies, with a significant focus on the adaptation of new technologies to UNICEF target groups;

(g) Sanitation supplies: local adaptation of sanitation technologies to developing country situations, as well as the local manufacture of simple construction materials;

(h) Education: with specific attention to printing technologies and paper type and quality, allowing effective support to countries to extend their capacities to make textbooks universally available, especially to primary school children;

(i) School supplies: covering the basic kits and materials that all children need for effective learning, including kits adapted for areas in conflict so children can continue their schooling even under extremely adverse conditions;

(j) Household products: increased attention to simple household technologies supporting the household environment, including the wide use of impregnated bednets for protection against malaria in endemic areas.

14. Supply Division will monitor the global supply and demand of these essential supplies, updating specification and quality standards, tracking sources and prices, influencing where possible the availability of these supplies and reaching long-term agreements with major manufacturers around the world for UNICEF and its partners to benefit from the best possible contractual arrangements in terms of price, quality and conditions of delivery and service. It will also become more involved in the development of educational materials required for improving the knowledge and use of essential supplies. Close collaboration with the technical as well as procurement and supply partners of UNICEF will be the hallmark of the Supply Division in ensuring the broadest possible alliance for action towards universal access to essential supplies for children.

15. Supply Division will work hand-in-hand with the Programme Division so that supply and product intelligence is directly relevant to UNICEF programme policies. It will maintain continuously updated information services on the above essential supplies to country programmes and regional supply networks, stimulating at the same time a global network of institutions and individuals knowledgeable on these supplies and able to support UNICEF supply work globally.

IV. REORGANIZATION OF THE SUPPLY DIVISION

16. The Supply Division has been active over the last year in a critical analysis of its role and functioning within the wider framework of management excellence in UNICEF. Starting with consultants' reports on the overall operation of supply in UNICEF, and a specific study of inventory management, Supply Division has taken the issues raised in these reports and, with the participation of staff from other divisions, developed a series of recommendations for the transformation of the Supply Division into a knowledge centre: increasing authority and support to regions and countries; developing greater capacity in the regions for vendor management; focusing supply and logistics on effective customer services; streamlining order processing; developing an integrated forecasting system; establishing partnerships with suppliers; developing an effective shipping system; maintaining the warehouse for emergency supplies and appropriate set-packing activities; and implementing a performance measurement system for the supply function.

17. Within the above context, the immediate aims of the Supply Division in terms of organizational changes and priority action within UNICEF are:

(a) To integrate the supply function more effectively into field operations through close collaboration between Supply and Programme Divisions and country and regional offices, with increased ability to analyse supply situations and issues and apply relevant responses for national capacity-building in supply and logistics;

(b) To support decision-making and accountability for supply issues across UNICEF and enhance materials management capacities and expertise in the field;

(c) To reorganize the supply function to improve quality, productivity, delivery times and cost-effectiveness and to ensure that proper controls are in place to maintain the highest level of integrity; and to establish a culture of the highest ethical standards, individual accountability and responsibility, teamwork and anticipating customer needs ("delight our customers");

(d) To strengthen the capacity and outreach of the Supply Division to provide expertise to field offices on specification development, manufacturing, costing, standards, in-country logistics and quality assurance;

(e) To increase access by field offices to information on global purchasing options that attain value for money and provide greater focus on the essential supply needs of children and women, particularly those in greatest need;

(f) To institute improved monitoring of the supply function to provide a continuous assessment of customer needs and satisfaction to both UNICEF field offices as well as external partners purchasing supplies through UNICEF;

(g) To promote supply more effectively in view of its essential contribution to sustainable human development and the achievement of the UNICEF Mission through enhanced analysis of the "UNICEF experience" in supply and logistics;

(h) To achieve effective internal partnerships in UNICEF for greater operational relevance, effectiveness and consistency (country and regional offices, Programme Division, Greeting Card and related Operations, the Division of Financial and Administrative Management, the Office of United Nations Affairs and External Relations, the Programme Funding Office);

(i) To reformulate the policy on procurement services to make it consistent with national capacity-building goals; also to reformulate the policy for donations-in-kind of appropriate priority commodities for easy and low-cost access by country programmes, especially for emerging programme areas where country programme resources may be deficient.

18. In specific terms of structural reorganization, Supply Division is being transformed into nine operating centres under the Director's Office:

(a) Technical Services: developing specialized expertise on essential supplies for children, making the direct link to country programme supply and service requirements, continuously reviewing specifications of new and improved technologies benefiting children, collaborating with related divisions and agencies and seeking the best sources for supplies and services;

(b) Quality Assurance: providing a monitoring and self-assessment role to ensure that the supplies and services provided by UNICEF maintain the highest possible standard; to ensure that policies, procedures and systems put into place are the most appropriate for achieving the results that UNICEF seeks; and to provide an internal audit function;

(c) Supply Information Services: developing the knowledge centre database that will be available to both UNICEF and external customers for the global analysis of product specifications, prices, sources of essential supplies, as well as for tracking specific orders for greater customer support;

(d) Contracting: establishing the best possible arrangements for UNICEF purchasing worldwide for essential supplies for children, as well as other products required by country programmes and the overall administration of UNICEF;

(e) Customer Services and Support: providing more relevant and timely responses to queries and problems of both UNICEF and external customers in all aspects of supply work;

(f) Warehousing and Logistics: maintaining an effective warehouse capacity for emergency supplies and set packing and overview of manufacturer inventories accessible by UNICEF, and supporting the increased capacity of country and regional offices in logistics;

(g) Human Resources and Administration: ensuring that there is sufficient capacity in Supply Division at both Copenhagen and New York, and supporting the building of field capacity in supply and logistics;

(h) Information Technology: ensuring that there are adequate supply systems supporting the supply processes in UNICEF within the overall context of the new enterprise system and the Programme Manager System being implemented in UNICEF;

(i) Finance and Budget: managing the transactions incurred by the contracting of supplies and services, managing the budget process and developing costing and pricing mechanisms to more closely apply real costs to the functioning of the different parts of the division.

19. A complete set of accountabilities and authorities was developed with staff for each centre. Work processes across the division are being redesigned to reflect the new structure and to eliminate redundancies in operating practices. The reorganized Supply Division will be fully functional in early 1998, coinciding with the new budget cycle.

V. LINK TO UNITED NATIONS REFORM

20. UNICEF is an active and supportive member of the Common Services Group on Procurement, examining ways to enhance procurement within the United Nations system. It endorses the Group's view on the consolidation, as far as possible, by January 1998 of headquarters procurement services, taking into account field requirements and specialized procurement expertise. This will be undertaken with a view to expanding the use of electronic procurement and organization-wide competitive contracts in key areas.

VI. IMMEDIATE CHALLENGES TO THE SUPPLY DIVISION

21. Global procurement figures for 1996 showed a 25 per cent reduction in value with a corresponding 12 per cent reduction in the number of line items and purchase orders over the previous year. These numbers do not capture the increase in contracted services (i.e., printing and related). In addition, procurement value is not reflected in these numbers when it is part of a project with NGOs. Requests have come from the field to provide more support in these areas. Currently, considerable attention is being given to improved customer services and support, as well as to a revision of the procurement services strategies, making these much more closely related to the country programme.

22. By all accounts, UNICEF provided an effective supply response to the emergency in the Great Lakes Region of Africa, positioning materials in Uganda for fast on forwarding to specific areas when called forward. Supply Division has been instrumental in supporting the rapid response team in both training and materials management. A process of continuous improvement, based on lessons learned, has been instituted with the Office of Emergency Programmes and other agencies involved in emergency response. Modifications in emergency supply kits, packaging and transportation have been initiated based on the latest experiences.

23. A total look at the kits that UNICEF stocks is under way as part of an overall review of the functioning of the warehouse in Copenhagen to increase the relevance of these products to field operations. Already, for maternal mortality reduction, eight former kits have been reduced to two - one for home delivery and the other for midwives. It is felt that greater standardization is required in the kits, with the possibility of adding customization to meet the different needs of countries.